

PROCURFAIR Snapshot DENMARK

**Promoting Decent Work Through Public Procurement in
Cleaning & Private Security Services**

More info

Please consult and cite the full report:

www.uni-europa.org/procurfair

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Contact mark.bergfeld@uniglobalunion.org



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Key insights from this Overview Report

- Cleaning and security are relatively small sectors but outsourcing has grown
- Labour clauses in public procurement contracts are very common in Denmark
- Trade union campaigns against exploitation helped put these on the agenda
- Enforcement of labour clauses and sanctions is patchy and complicated
- To fix this, Denmark is now piloting inspection units at national and regional level

The cleaning and security sectors in Denmark

Denmark's cleaning sector has been growing in recent years, now representing around 2 per cent of the Danish labour market. Outsourcing has increased and digital cleaning platforms have gained a foothold in the sector, mainly aimed at private households, although some digital labour platforms have competed in public tenders too. Wages and trade union density for cleaners are both below the national average. Security is a much smaller sector, with only around 6,000 workers in total nationally. Wages and trade union density are about average for Denmark. Some public bodies employ security guards directly while others outsource the work. Part-time work is very common in both sectors.

Policy and legislative developments

Since 2014, it has been compulsory for state authorities to include labour clauses in all forms of public procured work. At regional and municipal level, labour clauses are optional, but almost all authorities use them in at least some of their public procured work. Typically, contracts ask suppliers and subcontractors to adhere to wages and working conditions set out in the most representative collective bargaining agreement in the relative sector.

The role of unions and/or employers

Support for labour clauses is partly a result of trade union campaigns against “social dumping” – the exploitation of workers, particularly those from migrant backgrounds. However, unlike with collective bargaining agreements, trade unions have no legal role in the tender process and are thus unable to directly influence compliance.

Obstacles in developing socially responsible public procurement

Enforcement of labour clauses is somewhat patchy. One in three municipalities carry out regular compliance inspections and just one in five have set up specific control units. Enforcement is less developed among regional and state authorities, although some progress is being made. This means workers in the cleaning and security sectors risk substandard pay and conditions, though there is not much data to confirm the scale. When non-compliance is detected, applying sanctions can be complicated.

Local insight

The “Danish model” of industrial relations involves a relatively high degree of cooperation between unions and employers. Labour clauses are an effort to fill gaps not covered by this model, but they are an insufficient substitute for collective bargaining built up over time.

Case Study One: Danish National Task Force for Labour Clauses

In 2020, Denmark set up a national task force to inspect suppliers and subcontractors' compliance with labour clauses at state level. The unit, which has two bases in different parts of Denmark, inspects procurement contracts for state authorities responsible for roads, buildings and property and public railways. It mainly conducts unannounced on-site inspections. The unit does not have the power to issue sanctions itself but instead produces reports that are sent back to the relevant procuring body. If there have been breaches then the procuring body may issue financial penalties such as ordering contractors to make up unpaid or underpaid wages. In theory a contract could be terminated if there was a really serious breach but this does not appear to have happened yet.

Case Study Two: Appendix 1A-I in Labour Clauses for Security Services

This appendix in state contracts for security services specifies terms for wages and working conditions. It is a 17-point list that covers working hours, breaks, sick leave, holidays and termination of contracts among other things. These terms are taken from a collective bargaining agreement between the Confederation of Danish Industry and the security workers' union VSL. By drawing on a specific collective agreement, rather than making general reference to agreements in the sector as many labour clauses do, it gives workers greater protection. However, there is still a lack of clarity about overtime and when that applies to part-time and full-time workers respectively.

Case Study Three: Cross-Municipal Inspection Unit, Greater Copenhagen Area

Denmark's capital city introduced labour clauses in 2011 and set up in collaboration with a private company a specialised inspection unit in 2014, which the city municipality later decided to insource in 2018. In 2021, the city municipality started a collaboration with four neighbouring municipalities, which introduced a new joint inspection unit to ensure compliance in these municipalities. This new unit has one full-time employee but can also draw on the resources of Copenhagen municipality's larger specialised inspection unit. One aim of the collaboration was to pool resources to help less well-resourced municipalities to protect workers' rights and ensure fair competition for suppliers. The unit carries out inspections across a range of labour clauses. It has initially focused on the construction sector but aims to expand its range. If inspections uncover problems, then it is up to the individual municipality responsible to decide whether or not to proceed with litigation against the supplier or subcontractor. Coordination across different administrative districts has caused delays but it is helping give weight to an issue that is not treated as a political priority within individual municipalities.

Case Study Four: Cross-Municipal Enforcement Cooperation, Funen

This is another example of several municipalities pooling their resources so that the smaller ones can effectively enforce labour clauses in their public procurement contracts. Odense, on the island of Funen, is Denmark's third-largest city. It runs its own inspection unit – one measure of its effectiveness is that cleaning services in Odense have been brought back in house after the unit uncovered repeated violations by contractors. Odense's specialised enforcement unit now helps smaller municipalities carry out inspections. Dialogue between mayors and the fact the municipalities all belong to the same geographical region are important factors for the success of the project.